

SENATE BILL 849
By Harper

AN ACT to amend Tennessee Code Annotated, Title 47
and Title 53, relative to the sale of prescription
drugs.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 18, Part 1, is amended by
adding the following as a new section:

Section 47-18-126.

(a) After July 1, 2005, no drug manufacturer, as such term is defined in
subsection (d), wholesale distributor of drugs, or any subsidiary controlled by such
manufacturer or distributor may enter into any agreement to sell any prescription drug in
this state to a retail pharmacy that provides for selling prescription drugs at a higher
price than the seller offers for such drug to any other retail pharmacy in this state.

(b) A violation of subsection (a) by the seller shall be an unfair and deceptive act
under this chapter.

(c) The provisions of this section shall not apply to contracts entered into prior to
the effective date of this act.

(d) "Drug manufacturer" means any entity located within or outside Tennessee
that is engaged in:

(1) The production, preparation, propagation, compounding, conversion,
or processing of prescription drug products covered under the program, either
directly or indirectly by extraction from substances of natural origin,
independently by means of chemical synthesis, or by a combination of extraction
and chemical synthesis; or

(2) The packaging, repackaging, leveling, labeling, or distribution of prescription drug products covered under the program. "Drug manufacturer," however, does not include a wholesale distributor of drugs or a retail pharmacy licensed under Tennessee law.

SECTION 2. This act shall take effect July 1, 2005, the public welfare requiring it.